BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT PRICE ADJUSTMENT	Docket No. R2017-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO QUESTION 4(a), (e), AND (f) OF
CHAIRMAN'S INFORMATION REQUEST NO. 5
(November 8, 2016)

The Postal Service hereby files its responses to the above-captioned

question from Chairman's Information Request (CHIR) No. 5, issued on October

27, 2016. Partial responses to question 4(a) were filed on November 4 and

November 7. Each question is stated verbatim and followed by the response.

The response to question 3 is still being prepared.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 8, 2016

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 5

4. Please *see* attached Excel file "Special Serv. CHIR Attachment.xlsx" and refer to the Excel files submitted by the Postal Service in Notice of the United States Postal Service of Filing of Revised Version of USPS-LR-R2017-1/5 – Errata, October 17, 2016, titled "CAPCALC-SpecServ-R2017-1 Rev 10-17.xlsx," "4Q15 to 3Q16 Special Services.xlsx," "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," "2Q16 Special Services.xlsx," and "3Q16 Special Services.xlsx." The Excel file "Special Serv. CHIR Attachment.xlsx" contains calculations for Special Services and seeks clarification of cells identified below.

   a. For the following products, the price calculated by dividing quarterly revenue by quarterly transaction volume does not match the prices established in Docket No. R2015-4. *See* Docket No. R2015-4 Notice, MCS Attachment A, Parts I and II. Please explain why the revenues and transactions for these products do not match the published prices.[2]

      i.   Tab F-1 "Certified Mail," row 10 "With Restricted Delivery and/or Adult Signature" in Excel file "1Q16 Special Services.xlsx."

      ii. Tab F-5 "Money Orders," row 16 "Inquiry Fee" in Excel files "2Q16 Special Services.xlsx" and "3Q16 Special Services.xlsx."

      iii. Tab F-6 "Registered Mail," rows 42 and 53 "Registered COD" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

      iv. Tab F-9 "Stamped Envelopes," row 9 "Plain Stamped Envelopes Size 6 ¾" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

      v.   Tab F-9 "Stamped Envelopes," row 10 "Plain Stamped Envelopes Size 10" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

      vi. Tab F-9 "Stamped Envelopes," row 12 "Plain Stamped Envelopes Size 6 ¾, Box of 500" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

      vii. Tab F-9 "Stamped Envelopes," row 13 "Plain Stamped Envelopes Size 10, Box of 500" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

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[2] The questions that follow reference the Excel files submitted by the Postal Service. Attached to this CHIR is the Excel file "Special Serv. CHIR Attachment.xlsx." In tab "Prices Out of Range," the questions for this subpart are visually represented.

viii. Tab F-9 "Stamped Envelopes," row 37 "Pressure Sensitive Adhesive, 500" plus row 42 "Pressure Sensitive Adhesive, 500" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

ix. Tab F-9 "Stamped Envelopes," row 38 "Windows, 500" plus row 48 "Windows, 500" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

x. Tab F-11 "USPS Tracking," row 11 "Standard Mail Electronic" in Excel file "4Q16 Special Services.xlsx" and row 8 in Excel file "1Q16 Special Services.xlsx."

xi. Tab F-12 "Signature Confirmation," row 8 "Manual/Retail" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

xii. Tab G-3 "Certificates of Mailing," row 42 "Bulk" in Excel files "1Q16 Special Services.xlsx," "2Q16 Special Services.xlsx," and "3Q16 Special Services.xlsx."

xiii. Tab H-8 "Customized Postage," row 8 "Annual Participation Fee (up to two printing facilities)" in Excel files "4Q15 Special Services.xlsx" and "2Q16 Special Services.xlsx."

xiv. Tab K-1 "Address Management Service," row 23 "Address Element Correction (AEC) II" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

xv. Tab K-1 "Address Management Service," row 84 "Computerized Delivery Sequence (CDS)" in Excel files "4Q15 Special Services.xlsx,'" "1Q16 Special Services.xlsx," "2Q16 Special Services.xlsx," and "3Q16 Special Services.xlsx."

xvi. Tab K-1 "Address Management Service," row 112 "CASS (coding Accuracy Support System After July 31st (for current cycle)" in Excel files "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

xvii. Tab K-1 "Address Management Service," row 121 "MASS (Multiline Accuracy Support System) MASS Manufacturers (MLOCR) After July 31st (current cycle)" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," "2Q16 Special Services.xlsx," and "3Q16 Special Services.xlsx."

xviii.   Tab K-1 "Address Management Service," row 125 "MASS (Multiline Accuracy Support System) MASS End-Users (MLOCR) After July 31st (current cycle)" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," "2Q16 Special Services.xlsx," and "3Q16 Special Services.xlsx."

xix.   Tab K-1 "Address Management Service," row 129 "MASS (Multiline Accuracy Support System) MASS Manufacturers (Encoder) After July 31st (current cycle)" in Excel file '3Q16 Special Services.xlsx.'

xx.   Tab K-1 "Address Management Service," row 133 "MASS (Multiline Accuracy Support System) MASS End-Users (Encoder) After July 31st (current cycle)" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," "2Q16 Special Services.xlsx," and "3Q16 Special Services.xlsx."

xxi.   Tab K-1 "Address Management Service," row 166 "NCOALINK (National Change of Address) Product One Site Only" in Excel file "2Q16 Special Services.xlsx."

xxii.   Tab K-1 "Address Management Service," row 168 "NCOALINK (National Change of Address) Product Each Additional Site" in Excel file "3Q16 Special Services.xlsx."

xxiii.   Tab K-1 "Address Management Service," row 169 "NCOALINK (National Change of Address) Product ANKLink Service Option (per year) First Site" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," and "2Q16 Special Services.xlsx."

xxiv.   Tab K-1 "Address Management Service," row 170 "NCOALINK (National Change of Address) Product ANKLink Service Option (per year) Each Additional Site" in Excel file "1Q16 Special Services.xlsx," and row 171 in Excel file "3Q16 Special Services.xlsx."

xxv.   Tab K-1 "Address Management Service," row 173 "NCOALINK (National Change of Address) Product One Site (Each Site for MPE)" in Excel file "1Q16 Special Services.xlsx."

xxvi.   Tab K-1 "Address Management Service," row 174 "NCOALINK (National Change of Address) Product Each Additional Site (End User Only)" in Excel file "1Q16 Special Services.xlsx."

xxvii.   Tab K-1 "Address Management Service," row 182 "99 Percent Accuracy Method" in Excel file "2Q16 Special Services.xlsx."

b. Please explain why the format of price structure in the billing determinants does not match the format of the price structure in the MCS for each of the following offerings. If the billing determinants and the MCS contain different information, please explain.

  i.   Collect on Delivery – Bulk

  ii.   Insurance – MRS

  iii.   Insurance – Bulk

  iv.   Registered Mail – Bulk

  v.   Registered Mail – MRS

  vi.   Premium Stamped Cards

  vii.   Stamp Fulfillment Services – International

  viii.   Standard Mail Weighted Fee

  ix.   Change of Address Customer Notification

c. Please either reconcile or provide an explanation for the difference in revenues expressed by the summation of the quarterly billing determinants and the "Price and Revenue Increase Calculations" in Excel file "CAPCALC-SpecServ-R2017-1 Rev 10-17.xlsx" for the following products below.

  i.   Tab F-2 "Collect on Delivery" – cell C34 does not match cell J27.

  ii.   Tab F-3 "Insurance" – cell C74 does not match cell I69.

  iii.   Tab F-4 "PO Boxes" – cell J27 does not match cell N141.

  iv.   Tab F-6 "Registered Mail" – cell C55 does not match cell I46.

d. Please refer to tab F-9 "Stamped Envelopes" in Excel files "4Q15 Special Services.xlsx," "1Q16 Special Services.xlsx," "2Q16 Special Services.xlsx," and "3Q16 Special Services.xlsx."[3]

  i.   Please refer to the first three quarterly billing determinant files, containing FY 2015 quarter 4 and FY 2016 quarters 1-2. Please

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[3] Please also refer to tab "Stamped Envelopes Issue" in Excel file "Special Serv. CHIR Attachment.xlsx" for further visual aid.

confirm that the volumes and revenues of Plain Stamped
Envelopes Size 6 ¾ and Size 10 (rows 9 and 10) and the volumes
and revenues of Plain Stamped Envelopes Size 6 ¾, Box of 500
and Size 10, Box of 500 (rows 12 and 13) are identical across all
three quarters. If not confirmed, please explain.

ii. Please confirm that the FY 2016 quarter 3 volumes in cells C9:C13
are identical to the volumes in FY 2015 quarter 4, FY 2016 quarter
1, and FY 2017 quarter 2. If not confirmed, please explain.

iii. If the previous two questions are confirmed, please explain why
there are identical volumes and revenues in three or four
consecutive quarters, respectively.

e. Please *see* attached Excel file "Special Serv. CHIR Attachment.xlsx," tab
"NCOA Link Issue." Please confirm that the values from billing
determinants tab "K-1 Address Management Services," "NCOALink
(National Change of Address) Product," row 159 "Initial Interface
Developer (first year fee)," and row 160 "Interface Developer (per each
one year extension)" were transposed. If not confirmed, please explain.

f. If the responses to parts a-e affect the price cap calculation, please file
revised workpapers reflecting such changes.

RESPONSE:

a. In some instances, the discrepancy between the average revenue per
piece and the published price warranted one or more corrections to the
quarterly billing determinants previously filed in this case. The amended
materials will be filed as a revision to USPS-LR-R2017-1/5 when the
remaining responses to Question 4 are completed.

i. Response was provided on November 7, 2016.

ii. Response was provided on November 4, 2016.

iii. Response was provided on November 7, 2016.

iv.-x. Responses were provided on November 4, 2016.

xi. Response was provided on November 7, 2016.

xii.-xv.   Responses were provided on November 4, 2016.

xvi.   The volume reported in each of these quarters was overstated by one unit. There were seven transactions for Quarter 1, and two transactions for Quarter 2.

xvii.   Each of the transactions reported for these quarters was prorated at approximately 50 percent of the published price. *See* MCS section 1515.2, note 10. Prorating in these cases was subject to rounding.

xviii.   Each of the transactions reported for these quarters was prorated at approximately 50 percent of the published price. *See* MCS section 1515.2, note 10. Prorating in these cases was subject to rounding.

xix.   The volume reported for "MASS (Multiline Accuracy Support System) MASS Manufacturers (Encoder) After July 31st (current cycle)" in Quarter 3 should have been reported as volume for "MASS End-Users (MLOCR) Cycle testing: (current cycle) After July 31st."

xx.   Each of the transactions reported for these quarters was prorated at approximately 50 percent of the published price. *See* MCS section 1515.2, note 10. Prorating in these cases was subject to rounding.

xxi.-xxvii.   Responses were provided on November 7, 2016.

b.   Response was provided on November 4, 2016.

c. Response was provided on November 4, 2016.

d. Response was provided on November 4, 2016.

e. Confirmed.

f. The Postal Service will file revised workpapers shortly.